

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

| | | | |
|---|--------------------------|---|------------------|
| Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Government Name MONROE CHARTER TOWNSHIP | County MONROE |
| Audit Date 12/31/04 | Opinion Date 02/04/05 | Date Accountant Report Submitted to State; 4/22/2004 | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

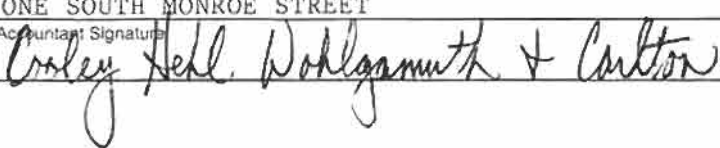
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

| | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | X | | |
| Reports on individual federal financial assistance programs (program audits). | | | X |
| Single Audit Reports (ASLGU). | | | X |

| | | | |
|---|----------------|-------------------|--------------|
| Certified Public Accountant (Firm Name) COOLEY HEHL WOHLGAMUTH & CARLTON, CPAS, PLLC. | | | |
| Street Address ONE SOUTH MONROE STREET | City MONROE | State MI | Zip 48161 |
| Accountant Signature  | | Date 4/22/2004 | |

MONROE CHARTER TOWNSHIP
Monroe County, Michigan

ANNUAL FINANCIAL REPORT
December 31, 2004

MONROE CHARTER TOWNSHIP

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Independent Auditor's Report

Township Board
Monroe Charter Township
Monroe County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Charter Township, Monroe County, Michigan as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Monroe Charter Township, Monroe County, Michigan management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Monroe Metropolitan Water Pollution Control System, a joint venture, which represent 100 percent of the business-type activities. Those financial statements were audited by another auditor, whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Monroe Metropolitan Water Pollution Control System in the business-type activities columns, is based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Charter Township, Monroe County, Michigan as of December 31, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* as of January 1, 2004. This results in a change in the format and content of the basic financial statements.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 33 through 42, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Monroe Charter Township, Monroe County, Michigan basic financial statements. The comparative and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The comparative and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cooley Hehl Wollgamuth & Carlton

February 4, 2005

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis Year Ended December 31, 2004

This section of the Monroe Charter Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended December 31, 2004. Please read it in conjunction with the Township's financial statements, which immediately follow this section. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the Township's revenues and expenditures by program for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

The Governmental Accounting Standards Board (GASB) adopted this report in *Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June, 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. GASB Statement No. 34 permits the omission of comparative information for the first year of adoption of the new reporting model and, considering the financial resources necessary to prepare the comparative information for the prior year, the Township has elected to exclude the information in this report. Subsequent reports will include comparative information.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Monroe Charter Township financially as a whole. The ***Government-Wide Financial Statements***, which include the statement of Net Assets and the Statement of Activities, provide information about the activities of the Township as a whole and presents both a short-term and a long-term view of those finances. The ***Fund Financial Statements*** provide the next level of detail. For governmental activities, these statements explain how services were financed in the short-term as well as what remains for future spending. The ***Fund Financial Statements*** report the Township's operations in more detail than the ***Government-Wide Financial Statements*** by providing information about the Township's most significant funds – the General Fund, the Central Sewer Special Revenue Fund, the Water District #69 Special Revenue Fund, the Water District #47 Debt Fund, the Special Assessment Water District #64 Debt Fund, the Special Assessment Water District #65 Debt Fund, the Special Assessment Water District #66 Debt Fund, the Fire and Safety Capital Project Fund, and the Roads Capital Project Fund. All other funds are presented in one column as nonmajor funds. The remaining statements, the Statement of Fiduciary Net Assets, presents financial information about activities for which the Township acts solely as an agent for the benefit of the public. The following summary illustrates how the various parts of this annual report are arranged:

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

Government-Wide Financial Statements *Fund Financial Statements*

Notes to the Basic Financial Statements

Budgetary Information for Major Funds
(Required Supplemental Information)

Other Supplemental Information

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis Year Ended December 31, 2004

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities (pages 10-12), which appear first in the Township's financial statements, report information on the Township as a whole and its activities. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Township's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the Township's financial health is improving or deteriorating. The relationship between revenues and expenses indicates the Township's operating results. However, the Township's goal is to provide services to our residents, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the services provided and the safety of the public to assess the overall health of the Township.

The government-wide financial statements of the Township are divided into two categories:

- Governmental activities which encompasses all of the Township's services, including general government services, public safety, public works, culture and recreation. Property taxes, state grants, charges for services, and capital contributions finance most of these activities.
- Business-type activities which consists of the joint venture in the Monroe Metropolitan Water Pollution Control System.

Fund Financial Statements

The Township's Fund Financial Statements (pages 13-19) provide detailed information about the most significant or "major" funds – not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes other funds to control and manage money for particular purposes or to show that it is properly using revenues. The Township's two types of funds, governmental and fiduciary, use different accounting approaches as described below:

Governmental funds – All of the Township's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Township and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation format in the financial section on pages 15 and 18.

Fiduciary funds – An Agency Fund is used to account for assets held by the Township as an agent for the collection and disbursement of payroll, property taxes, and escrow accounts.

Government-Wide Financial Analysis

Recall that the Statement of Net Assets provides the perspective of the Township as a whole. Table 1 provides a summary of the Township's net assets as of December 31, 2004:

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis *Year Ended December 31, 2004*

Table 1:

Condensed Statement of Net Assets December 31, 2004

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| Current and other assets | \$7,631,564 | \$ - | \$ 7,631,564 |
| Capital assets | 4,396,657 | - | 4,396,657 |
| Investment in joint venture | - | 4,880,838 | 4,880,838 |
| Total Assets | <u>12,028,221</u> | <u>4,880,838</u> | <u>16,909,059</u> |
| Current and other liabilities | 503,781 | - | 503,781 |
| Long-term liabilities | <u>1,677,595</u> | <u>-</u> | <u>1,677,595</u> |
| Total Liabilities | <u>2,181,376</u> | <u>-</u> | <u>2,181,376</u> |
| Net Assets | | | |
| Invested in capital assets, net of related debt | 3,271,684 | 3,905,858 | 7,177,542 |
| Restricted for debt service | 191,646 | - | 191,646 |
| Unrestricted | <u>6,383,515</u> | <u>974,980</u> | <u>7,358,495</u> |
| Total Net Assets | <u>\$9,846,845</u> | <u>\$4,880,838</u> | <u>\$14,727,683</u> |

As depicted in Table 1, the Township's net assets were \$9.84 million at December 31, 2004. Of this amount, a positive \$6.38 was unrestricted. This amount represents the *accumulated* results of all past years' operations. The unrestricted net asset balance is used for working capital and cash flow needs as well as to provide for future uncertainties. It means that if we had to pay off all our bills *today*, including all of our noncapital liabilities we could with our current resources. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township as a whole are reported in the Statement of Activities. Table 2 shows the changes in the net assets for the calendar year ended December 31, 2004.

MONROE CHARTER TOWNSHIP*Management's Discussion and Analysis
Year Ended December 31, 2004***Governmental-Wide Financial Analysis - Concluded****Table 2:****Changes in Net Assets
Year Ended December 31, 2004**

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|--|------------------------------------|-------------------------------------|------------------|
| Revenues | | | |
| Program revenues: | | | |
| Charges for services | \$ 417,225 | \$1,299,773 | \$1,716,998 |
| Capital contributions | <u>110,116</u> | <u>-</u> | <u>110,116</u> |
| | 527,341 | 1,299,773 | 1,827,114 |
| General revenues: | | | |
| Property taxes | 1,331,428 | - | 1,331,428 |
| State grants | 997,179 | - | 997,179 |
| Other general revenues | <u>137,971</u> | <u>10,201</u> | <u>148,172</u> |
| | <u>2,466,578</u> | <u>10,201</u> | <u>2,476,779</u> |
| Total Revenues | 2,993,919 | 1,309,974 | 4,303,893 |
| Functions/Program Expenses | | | |
| Legislative | 64,921 | - | 64,921 |
| General government | 1,206,064 | - | 1,206,064 |
| Public Safety | 474,851 | - | 474,851 |
| Public works | 1,116,632 | - | 1,116,632 |
| Culture and recreation | 53,773 | - | 53,773 |
| Interest on long-term debt | 81,683 | - | 81,683 |
| Water pollution control system | <u>-</u> | <u>1,272,959</u> | <u>1,272,959</u> |
| Total Expenses | <u>2,997,924</u> | <u>1,272,959</u> | <u>4,270,883</u> |
| Increase (Decrease) in Net Assets | <u>\$ (4,005)</u> | <u>\$ 37,015</u> | <u>\$ 33,010</u> |

As indicated in Table 2, the cost of *all governmental* activities this year was \$2.9 million. Of this amount, \$0.5 million was subsidized with revenue generated from charges for services, grants and other contributions with the remaining costs financed with general revenues.

The Township's governmental activities experienced a decrease in net assets of \$4,005. The primary reason is the reduction of State Shared Revenue from \$1,078,390 in 2003 to \$997,179 in 2004 for a decrease of \$81,211 (7.5%). A reconciliation of the change in fund balances to the change in net assets appears on page 18.

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis Year Ended December 31, 2004

Fund Financial Analysis

As noted earlier, the Township uses funds to help control and manage money for particular purposes. Looking at funds helps the reader consider whether Monroe Charter Township is being held accountable for the resources taxpayers and others provide to it and may give more insight into the Township's overall financial health.

As the Township completed this year, the governmental funds reported a combined fund balance of \$7.16 million, which is a decrease of \$275,256 from last year. The changes by major and nonmajor funds are as follows:

| | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Debt Retirement Funds</u> | <u>Capital Projects Funds</u> | <u>Total</u> |
|--|-------------------------|--------------------------------------|--------------------------------------|---------------------------------------|--------------------|
| Fund balances – Beginning of year | \$2,216,656 | \$2,955,068 | \$205,996 | \$2,059,767 | \$7,437,487 |
| Increase (decrease) | <u>66,468</u> | <u>128,010</u> | <u>(14,350)</u> | <u>(455,384)</u> | <u>(275,256)</u> |
| Fund balances – End of year | <u>\$2,283,124</u> | <u>\$3,083,078</u> | <u>\$191,646</u> | <u>\$1,604,383</u> | <u>\$7,162,231</u> |

The Township's General Fund balance increase is due to many factors, such as the reassessment of properties and new construction located within the Township for an increase in tax collection revenue of \$23,587 and an increase in revenue for Fire Department runs of approximately \$7,000. The tables that follow assist in illustrating the financial activities of the General Fund.

| | <u>December 31, 2004</u> | <u>December 31, 2003</u> | <u>Percent Change</u> |
|---|------------------------------|------------------------------|---------------------------|
| Revenues | | | |
| Property taxes and special assessments | \$ 738,099 | \$ 714,643 | 3.28 % |
| Licenses and permits | 280,294 | 306,295 | (8.49)% |
| State grants | 997,179 | 1,078,390 | (7.53)% |
| Charges for services | 23,796 | 19,336 | 23.07% |
| Interest | 41,349 | 51,172 | (19.20)% |
| Other | <u>34,353</u> | <u>342,666</u> | 89.97% |
| Total revenues | <u>\$2,115,070</u> | <u>\$2,512,502</u> | (15.82)% |

The Township's expenditures decreased from \$1,774,109 in 2003 to \$1,721,018 in 2004 for a reduction of approximately \$53,000. There was a reduction of \$157,000 in legislative and general government because the Township had expenditures for the reassessment of property values in 2003. In addition, there was a reduction of approximately \$41,000 for public safety, public works, culture and recreation. However, there was an increase in capital outlay of \$87,000 for Township Hall improvements and an increase of \$58,000 for employee benefits.

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis Year Ended December 31, 2004

Fund Financial Analysis – Concluded

| | December 31, 2004 | December 31, 2003 | Percent Change |
|-------------------------|------------------------------|------------------------------|---------------------------|
| Expenditures | | | |
| Legislative | \$ 57,992 | \$ 55,196 | 5.07% |
| General government | 827,210 | 986,509 | (16.15)% |
| Public safety | 298,835 | 336,077 | (11.08)% |
| Public works | 46,783 | 45,830 | (2.08)% |
| Culture and recreation | 44,533 | 49,755 | (10.50)% |
| Other | 358,375 | 300,742 | 19.16% |
| Capital outlay | 87,290 | - | 100.00% |
| Operating transfers out | <u>327,584</u> | <u>483,657</u> | (32.27)% |
| Total Expenditures | <u><u>\$2,048,602</u></u> | <u><u>\$2,257,766</u></u> | (9.26)% |

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires the Charter Township Board to adopt the original budget prior to January 1, the start of the fiscal year. Over the course of the year, the Township revises its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule illustrating the Township's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these statements. Revisions to the General Fund budget were as follows:

Revenues - The original budget of \$2,112,485 was adjusted to \$2,094,496. The key reasons are an increase in budget line items for the current tax collection, penalties/interest on taxes, Stoneco monitoring fees, electric/plumbing permits, ZBA fees, fire run fees, 1st responder class fees, fines/forfeits, lease of Township properties, and reimbursement revenues. We also saw a decrease in revenues for manufactured home park tax, business licenses/permits, non-business licenses/permits, State Shared Revenue, miscellaneous other revenue, court cost/prosecutions, earned interest, and reimbursement O/S water.

Expenditures – The original budget of \$1,790,453 was adjusted to \$1,852,822. The key reasons are increases to the election and clerk department for the 2004 primary and Presidential general elections; an increase for the assessing department for final payment of the Township wide reassessment. We also saw an increase in engineering costs due to Township board voted new projects. There was a higher than expected increase in health care, dental and unemployment costs and the addition of short and long term disability insurance for Township employees. We did see a decrease in audit fees, attorney fees, Township hall and grounds, general services administration, fire department, road and ditch maintenance, parks and recreation, life insurance, fire fighter's life insurance, and capital outlay costs for 2004.

MONROE CHARTER TOWNSHIP

Management's Discussion and Analysis Year Ended December 31, 2004

Capital Asset and Debt Administration

Capital Assets

At December 31, 2004, the Township had \$5.6 million invested in a broad range of capital assets, including land, building and improvements, machinery and equipment, and vehicles. This amount represents a net increase (including additions and disposals) of approximately \$196,546 from last year. This year's additions of approximately \$196,546 included a vehicle, office equipment, and fire department equipment. Renovations to the existing township hall were approximately \$31,802. No new debt was issued for these additions. Depreciation for this year totaled \$166,508. Details regarding capital assets are included in Note 7 to the financial statements.

Debt

At December 31, 2004, the Township's debt for special assessment bonds and general obligation bonds was \$535,000. The special assessment bonds are paid with special assessments, and the general obligation bonds are paid by the General Fund and some Debt Funds. The note payable for the new fire station, that was completed in 2002, was \$1,124,973 at year end. The fire station note payable will be paid through tax collections from the Fire and Safety Capital Project Funds. Details regarding long-term debt are included in Note 8 to the financial statements.

Development of the 2005 Fiscal Year Budget

Our elected officials consider many factors when setting the Township's 2005 fiscal year budget. Based primarily on the last fiscal year's spending patterns, thought is also given to important factors affecting the budget, such as decreased revenue sharing from the State since it accounts for 46.5 percent of our revenues. The Township has taken several measures to help control the rising cost of governmental services. For 2004 and for 2005, the Township revised the health insurance program to help reduce the increase of costs, modified the pension plan to create a window for several employees to retire with an increased pension benefit, and have requested and scheduled a risk control visit to assist us in controlling the rising cost of liability insurance. We will continue to watch our budget closely as we annually try to pave and upgrade our roads using monies received from property taxes. In addition, the Township will look to the future to develop plans for a new Township park with baseball diamonds and playground equipment and for building a new auxiliary fire station on the northwest side of Monroe Charter Township on land the County has leased to the Township. With careful savings and perhaps grants, there will be no debt for these endeavors.

Contacting Monroe Charter Township

This financial report is designed to provide the Township's citizens, taxpayers, customers, investors and creditors with a general overview of the Township's finances and to demonstrate their accountability for the money it receives. If you have any questions about this report or need additional information, contact the Monroe Charter Township Clerk, 4925 East Dunbar Road, Monroe, MI 48161.

MONROE CHARTER TOWNSHIP

Statement of Net Assets *December 31, 2004*

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|------------------|
| Assets | | | |
| Cash and cash equivalents | \$4,109,107 | \$0 | \$4,109,107 |
| Certificate of deposit | 2,694,338 | 0 | 2,694,338 |
| Receivables: | | | |
| Accounts and accrued interest | 216,852 | 0 | 216,852 |
| Special assessments | 358,979 | 0 | 358,979 |
| Sewer taps | 2,072 | 0 | 2,072 |
| Due from other governmental units | 176,896 | 0 | 176,896 |
| Prepaid expenses | 73,320 | 0 | 73,320 |
| Net investment in Monroe Metropolitan | | | |
| Water Pollution Control System | 0 | 4,880,838 | 4,880,838 |
| Depreciable capital assets, net | 4,396,657 | 0 | 4,396,657 |
| Total Assets | 12,028,221 | 4,880,838 | 16,909,059 |
| Liabilities | | | |
| Accounts payable | 11,652 | 0 | 11,652 |
| Accrued interest payable | 34,448 | 0 | 34,448 |
| Deferred revenue | 457,681 | 0 | 457,681 |
| Long-term liabilities: | | | |
| Due within one year | 295,893 | 0 | 295,893 |
| Due in more than one year | 1,381,702 | 0 | 1,381,702 |
| Total Liabilities | 2,181,376 | 0 | 2,181,376 |
| Net Assets | | | |
| Invested in capital assets, net of related debt | 3,271,684 | 3,905,858 | 7,177,542 |
| Restricted for debt service | 191,646 | 0 | 191,646 |
| Unrestricted | 6,383,515 | 974,980 | 7,358,495 |
| Total Net Assets | \$9,846,845 | \$4,880,838 | \$14,727,683 |

See accompanying notes to the basic financial statements.

MONROE CHARTER TOWNSHIP

Statement of Activities Year Ended December 31, 2004

| Functions/Programs | Expenses | Program Revenues | |
|--------------------------------|--------------------|-------------------------|--|
| | | Charges for Services | Capital Grants and Contributions |
| Primary government: | | | |
| Governmental activities: | | | |
| Legislative | \$64,921 | \$0 | \$0 |
| General government | 1,206,064 | 412,829 | 0 |
| Public safety | 474,851 | 4,396 | 0 |
| Public works | 1,116,632 | 0 | 110,116 |
| Culture and recreation | 53,773 | 0 | 0 |
| Interest on long-term debt | 81,683 | 0 | 0 |
| Total governmental activities | 2,997,924 | 417,225 | 110,116 |
| Business-type activities: | | | |
| Water pollution control system | 1,272,959 | 1,299,773 | 0 |
| Total primary government | <u>\$4,270,883</u> | <u>\$1,716,998</u> | <u>\$110,116</u> |

General Revenues:

Property taxes
State grants
Interest and penalties
Other

Total General Revenues

Change in Net Assets

Net Assets - Beginning of year

Net Assets - End of year

See accompanying notes to the basic financial statements.

| <hr/> <hr/> Net (Expense) Revenue and Changes in Net Assets <hr/> Primary Government <hr/> | | |
|---|-----------------------------|---------------------|
| Governmental Activities | Business-type Activities | Total |
| | | |
| (\$64,921) | \$0 | (\$64,921) |
| (793,235) | 0 | (793,235) |
| (470,455) | 0 | (470,455) |
| (1,006,516) | 0 | (1,006,516) |
| (53,773) | 0 | (53,773) |
| (81,683) | 0 | (81,683) |
| | | |
| (2,470,583) | 0 | (2,470,583) |
| | | |
| 0 | 26,814 | 26,814 |
| | | |
| (2,470,583) | 26,814 | (2,443,769) |
| | | |
| | | |
| 1,331,428 | 0 | 1,331,428 |
| 997,179 | 0 | 997,179 |
| 104,669 | 10,201 | 114,870 |
| 33,302 | 0 | 33,302 |
| | | |
| 2,466,578 | 10,201 | 2,476,779 |
| | | |
| | | |
| (4,005) | 37,015 | 33,010 |
| | | |
| 9,850,850 | 4,843,823 | 14,694,673 |
| | | |
| <u>\$9,846,845</u> | <u>\$4,880,838</u> | <u>\$14,727,683</u> |

MONROE CHARTER TOWNSHIP

Governmental Funds Balance Sheet December 31, 2004

| | Special Revenue Funds | | |
|--------------------------------------|-----------------------|--------------------|-----------------------|
| | General | Central Sewer | Water District #69 |
| Assets | | | |
| Cash and cash equivalents | \$1,890,749 | \$388,760 | \$30,254 |
| Certificate of deposit | 72,572 | 2,544,613 | 0 |
| Receivables: | | | |
| Special assessment | 0 | 0 | 67,074 |
| Accounts and accrued interest | 196,274 | 3,755 | 3,387 |
| Sewer tap | 0 | 2,072 | 0 |
| Due from other governmental units | 55,762 | 0 | 0 |
| Prepaid expenses | 73,320 | 0 | 0 |
| | | | |
| Total Assets | <u>\$2,288,677</u> | <u>\$2,939,200</u> | <u>\$100,715</u> |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$5,553 | \$0 | \$0 |
| Deferred revenue | 0 | 1,600 | 63,544 |
| | | | |
| Total Liabilities | 5,553 | 1,600 | 63,544 |
| Fund Balances | | | |
| Reserved for prepaid expenditures | 73,320 | 0 | 0 |
| Reserved for debt service | 0 | 0 | 0 |
| Unreserved: | | | |
| Designated for capital outlay | 211,882 | 0 | 0 |
| Designated for volunteer firemen | 0 | 0 | 0 |
| Designated for emergencies | 0 | 0 | 0 |
| Unreserved - undesignated | 1,997,922 | 2,937,600 | 37,171 |
| | | | |
| Total Fund Balances | <u>2,283,124</u> | <u>2,937,600</u> | <u>37,171</u> |
| | | | |
| Total Liabilities and Fund Balances | <u>\$2,288,677</u> | <u>\$2,939,200</u> | <u>\$100,715</u> |

See accompanying notes to the basic financial statements.

Debt Service Funds

| Water District #47 | Special Assessment Water District #64 | Special Assessment Water District #65 | Special Assessment Water District #66 |
|-----------------------|--|--|--|
| \$19,605 | \$6,558 | \$78,456 | \$30,421 |
| 0 | 0 | 0 | 0 |
| 62,011 | 23,254 | 60,912 | 108,751 |
| 412 | 1,349 | 2,657 | 6,308 |
| 0 | 0 | 0 | 0 |
| 0 | 43,974 | 44,679 | 32,152 |
| 0 | 0 | 0 | 0 |
| <u>\$82,028</u> | <u>\$75,135</u> | <u>\$186,704</u> | <u>\$177,632</u> |
| \$0 | \$0 | \$0 | \$0 |
| 59,043 | 65,704 | 102,029 | 132,632 |
| 59,043 | 65,704 | 102,029 | 132,632 |
| 0 | 0 | 0 | 0 |
| 22,985 | 9,431 | 84,675 | 45,000 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 22,985 | 9,431 | 84,675 | 45,000 |
| <u>\$82,028</u> | <u>\$75,135</u> | <u>\$186,704</u> | <u>\$177,632</u> |

| Capital Project Funds | | | |
|-----------------------|------------------|--|--------------------------------|
| Fire and Safety | Roads | Other Nonmajor Governmental Funds | Total Governmental Funds |
| \$703,073 | \$824,112 | \$137,119 | \$4,109,107 |
| 0 | 76,869 | 284 | 2,694,338 |
| 0 | 0 | 36,977 | 358,979 |
| 0 | 0 | 2,710 | 216,852 |
| 0 | 0 | 0 | 2,072 |
| 197 | 132 | 0 | 176,896 |
| 0 | 0 | 0 | 73,320 |
| <u>\$703,270</u> | <u>\$901,113</u> | <u>\$177,090</u> | <u>\$7,631,564</u> |
| \$0 | \$0 | \$6,099 | \$11,652 |
| 0 | 0 | 33,129 | 457,681 |
| 0 | 0 | 39,228 | 469,333 |
| 0 | 0 | 0 | 73,320 |
| 0 | 0 | 29,555 | 191,646 |
| 0 | 0 | 0 | 211,882 |
| 0 | 0 | 5,000 | 5,000 |
| 0 | 0 | 21,831 | 21,831 |
| 703,270 | 901,113 | 81,476 | 6,658,552 |
| <u>703,270</u> | <u>901,113</u> | <u>137,862</u> | <u>7,162,231</u> |
| <u>\$703,270</u> | <u>\$901,113</u> | <u>\$177,090</u> | <u>\$7,631,564</u> |

MONROE CHARTER TOWNSHIP

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets December 31, 2004

| | |
|---|---------------------------|
| Total Fund Balances - Governmental Funds | \$7,162,231 |
| Amounts reported for governmental activities in the statement of net assets are different because: | |
| Capital assets used in governmental activities are not financial resources and are not reported in the funds. | |
| The cost of the capital assets is: | 5,568,649 |
| Accumulated depreciation is: | <u>(1,171,992)</u> |
| Total | 4,396,657 |
| Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds: | |
| Compensated absences | (17,622) |
| Accrued interest | (34,448) |
| Loan payable | (1,124,973) |
| Bonds payable | <u>(535,000)</u> |
| Total | <u>(1,712,043)</u> |
| Total Net Assets - Governmental Activities | <u>\$9,846,845</u> |

See accompanying notes to the basic financial statements.

MONROE CHARTER TOWNSHIP

*Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2004*

| | | <u>Special Revenue Funds</u> | |
|--|--------------------|------------------------------|-------------------------------|
| | <u>General</u> | <u>Central Sewer</u> | <u>Water District #69</u> |
| Revenues | | | |
| Property taxes and special assessments | \$738,099 | \$58,100 | \$20,299 |
| Licenses and permits | 280,294 | 0 | 0 |
| State grants | 997,179 | 0 | 0 |
| Charges for services | 23,796 | 0 | 0 |
| Interest | 41,349 | 36,367 | 3,634 |
| Other revenue | 34,353 | 0 | 0 |
| | | | |
| Total Revenues | 2,115,070 | 94,467 | 23,933 |
| Expenditures | | | |
| Legislative | 57,992 | 0 | 0 |
| General government | 827,210 | 0 | 0 |
| Public safety | 298,835 | 0 | 0 |
| Public works | 46,783 | 0 | 0 |
| Culture and recreation | 44,533 | 0 | 0 |
| Other | 358,375 | 200 | 0 |
| Capital outlay | 87,290 | 0 | 0 |
| Capital projects | 0 | 0 | 0 |
| Debt service | 0 | 0 | 0 |
| | | | |
| Total Expenditures | 1,721,018 | 200 | 0 |
| | | | |
| Excess (Deficiency) of Revenues Over Expenditures | 394,052 | 94,267 | 23,933 |
| Other Financing Sources (Uses) | | | |
| Operating transfers in | 0 | 0 | 0 |
| Operating transfers out | (327,584) | 0 | 0 |
| | | | |
| Total Other Financing Sources (Uses) | (327,584) | 0 | 0 |
| | | | |
| Net Change in Fund Balances | 66,468 | 94,267 | 23,933 |
| | | | |
| Fund Balances - Beginning of year | 2,216,656 | 2,843,333 | 13,238 |
| | | | |
| Fund Balances - End of year | <u>\$2,283,124</u> | <u>\$2,937,600</u> | <u>\$37,171</u> |

See accompanying notes to the basic financial statements.

| Debt Service Funds | | | |
|-----------------------|--|--|--|
| Water District #47 | Special Assessment Water District #64 | Special Assessment Water District #65 | Special Assessment Water District #66 |
| \$4,225 | \$2,122 | \$13,113 | \$8,705 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 450 | 1,610 | 3,782 | 7,003 |
| 0 | 0 | 0 | 0 |
| 4,675 | 3,732 | 16,895 | 15,708 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 0 | 3,889 | 9,539 | 15,835 |
| 0 | 3,889 | 9,539 | 15,835 |
| 4,675 | (157) | 7,356 | (127) |
| 5,000 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 |
| 5,000 | 0 | 0 | 0 |
| 9,675 | (157) | 7,356 | (127) |
| 13,310 | 9,588 | 77,319 | 45,127 |
| \$22,985 | \$9,431 | \$84,675 | \$45,000 |

| Capital Project Funds | | | |
|-----------------------|-----------|--|--------------------------------|
| Fire and Safety | Roads | Other Nonmajor Governmental Funds | Total Governmental Funds |
| \$353,625 | \$239,704 | \$110,687 | \$1,548,679 |
| 0 | 0 | 0 | 280,294 |
| 0 | 0 | 0 | 997,179 |
| 0 | 0 | 0 | 23,796 |
| 0 | 986 | 3,161 | 98,342 |
| 1,675 | 0 | 563 | 36,591 |
| 355,300 | 240,690 | 114,411 | 2,984,881 |
| 0 | 0 | 0 | 57,992 |
| 0 | 0 | 109,885 | 937,095 |
| 0 | 0 | 0 | 298,835 |
| 0 | 0 | 0 | 46,783 |
| 0 | 0 | 0 | 44,533 |
| 0 | 0 | 0 | 358,575 |
| 0 | 0 | 0 | 87,290 |
| 299,858 | 1,063,548 | 3,607 | 1,367,013 |
| 0 | 0 | 32,758 | 62,021 |
| 299,858 | 1,063,548 | 146,250 | 3,260,137 |
| 55,442 | (822,858) | (31,839) | (275,256) |
| 0 | 312,032 | 10,552 | 327,584 |
| 0 | 0 | 0 | (327,584) |
| 0 | 312,032 | 10,552 | 0 |
| 55,442 | (510,826) | (21,287) | (275,256) |
| 647,828 | 1,411,939 | 159,149 | 7,437,487 |
| \$703,270 | \$901,113 | \$137,862 | \$7,162,231 |

MONROE CHARTER TOWNSHIP

*Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended December 31, 2004*

| | |
|---|-------------------------|
| Net Change in Fund Balances - Total Governmental Funds | (\$275,256) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense. | |
| Depreciation expense | (166,508) |
| Capital outlay | <u>196,546</u> |
| Total | 30,038 |
| Decreases in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds. | 24,821 |
| Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid. | 4,305 |
| Repayments of long term debt are an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt). | <u>212,087</u> |
| Change in Net Assets of Governmental Activities | <u>(\$4,005)</u> |

See accompanying notes to the basic financial statements.

MONROE CHARTER TOWNSHIP

Agency Funds
Statement of Fiduciary Net Assets
December 31, 2004

| | Agency Payroll | Tax Collection | Escrow Accounts | Totals |
|---------------------------------|-------------------|-------------------|--------------------|-----------------|
| Assets | | | | |
| Cash | \$52,828 | \$1,202,207 | \$110,337 | \$1,365,372 |
| Receivables: | | | | |
| Accounts | 4,665 | 0 | 0 | 4,665 |
| Taxes | 0 | 8,133,940 | 0 | 8,133,940 |
| Total Assets | \$57,493 | \$9,336,147 | \$110,337 | \$9,503,977 |
| Liabilities | | | | |
| Due to other governmental units | \$53,598 | \$2,493 | \$0 | \$56,091 |
| Due to taxing units | 0 | 9,333,654 | 0 | 9,333,654 |
| Due to property owners | 0 | 0 | 110,337 | 110,337 |
| Due to other local units | 3,895 | 0 | 0 | 3,895 |
| Total Liabilities | \$57,493 | \$9,336,147 | \$110,337 | \$9,503,977 |

See accompanying notes to the basic financial statements.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements Year Ended December 31, 2004

Note 1 Description of the Township and Reporting Entity

The Township operates under a locally elected seven member Board form of government and provides the following services: public safety (fire), highways and streets, culture and recreation, public improvements, planning and zoning, and general administrative services.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the Township consists of all funds, departments, boards, and agencies that are not legally separate from the Township.

Component units are legally separate organizations for which the Township is financially accountable. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt, or the levying of taxes. The Township has no component units.

The following entity is a joint venture which is not included in the governmental fund financial statements but is included as a business-type activity in the government-wide financial statements.

MONROE METROPOLITAN WATER POLLUTION CONTROL SYSTEM

This is a joint venture between Monroe Charter Township, Frenchtown Charter Township, City of Monroe, and the County of Monroe to provide a wastewater treatment system to these municipalities located within the County of Monroe.

Note 2 Summary of Significant Accounting Policies

The financial statements of Monroe Charter Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Council (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the Township's accounting policies.

Basis of Presentation

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities which rely, to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, sales of property, and other items not properly included among program revenues.

Separate financial statements are provided for governmental funds, and agency funds, even though the latter are excluded from the government-wide financial statements. Individual major governmental funds are reported as separate columns in the fund financial statements.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements Year Ended December 31, 2004

Note 2

Summary of Significant Accounting Policies

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Governmental fund expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

On the governmental funds statements, property taxes, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the Township.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Agency fund statements also are reported using the economic resources measurement focus and the cash basis of accounting.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. The General Fund accounts for all financial resources of the Township, except those required to be accounted for in another fund.

The Special Revenue Fund - Central Sewer accounts for the collection of sanitary sewer district special assessments and their disposition.

The Special Revenue Fund - Water District #69 accounts for the collection of water district special assessments and their disposition.

The Debt Fund - Water District #47 accounts for the payment of special assessment bond principal and interest from special assessment levies for Keegan Road and Albain Road.

The Debt Fund - Special Assessment Water District #64 accounts for the payment of special assessment bond principal and interest from special assessment levies for Herr Road.

The Debt Fund - Special Assessment Water District #65 accounts for the payment of special assessment bond principal and interest from special assessment levies for West Albain Road.

MONROE CHARTER TOWNSHIP

*Notes to Financial Statements
Year Ended December 31, 2004*

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

The Debt Fund - Special Assessment Water District #66 accounts for the payment of special assessment bond principal and interest from special assessment levies for Telegraph Road.

The Capital Project Fund - Fire and Safety accounts for moneys set aside to be used for specific capital projects.

The Capital Project Fund - Roads accounts for moneys set aside to be used for specific capital projects.

The Township reports the following nonmajor governmental funds:

The Special Revenue Fund - Emergency Revolving, Special Revenue Fund - Street Light, Special Revenue Fund - Water District #62, Special Revenue Fund - Water District #63, Special Revenue Fund - Water District #68, Debt Service Fund - Special Assessment Water District #67, Debt Service Fund - General Obligation Water District #64, Debt Service Fund - General Obligation Water District #65, Debt Service Fund - General Obligation Water District #66, Debt Service Fund - General Obligation Water District #67, and Capital Project Fund - Water District #69.

C. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on July 1 and December 1 of the following year. Summer taxes are considered delinquent July 31, and winter taxes are considered delinquent February 14 of the following year.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond December 31, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets - General capital assets are those assets related to the general activities and expenditures reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Township maintains a capitalization threshold of one thousand dollars and an estimated useful life in excess of one year. The Township has elected not to retroactively report infrastructure assets. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements Year Ended December 31, 2004

Note 2 Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

C. Assets, Liabilities, and Net Assets or Equity (Continued)

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|--------------------------------------|------------------------|
| Land Improvement | 20 years |
| Buildings and Buildings Improvements | 10-50 years |
| Machinery and Equipment | 3-10 years |
| Vehicles | 5-25 years |

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental activities column of the statement of net assets.

Accrued Liabilities and Long-Term Obligations -All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans that are paid from governmental funds are recognized as an expenditure on the governmental fund financial statements when due.

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance Reserves and Designations - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements Year Ended December 31, 2004

Note 2 Summary of Significant Accounting Policies (Concluded)

Basis of Presentation (Concluded)

C. Assets, Liabilities, and Net Assets or Equity (Concluded)

Compensated Absences - Township employees are granted vacation, personal, and sick days under formulas and conditions in the personnel policy manual. All earned vacation must be taken within the calendar year. Vacation time not used during the year will not accrue and will be lost. Personal days must be used and no accrual is allowed. Full-time employees earn five days of sick leave per calendar year. Unused sick time is paid out at the end of each calendar year. Part-time regular employees, after ninety days of continuous employment, shall receive prorated sick days according to the number of hours worked. As of December 31, 2003, any sick time became "banked sick days." Banked sick time can only be used after current sick time has been exhausted. Employees will receive a banked sick day compensation payment at one-half rate for the total accumulated sick days with the regular hourly rate in effect at the date of resignation or dismissal. Banked sick days are accrued in the government-wide financial statements. In the fund financial statements, these accounts are reported when paid.

- D. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.
- E. Extraordinary and Special Items - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Township and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2004.
- F. Budgetary Policies - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and all Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Township Board at the function level. Any budgetary modifications may only be made by resolution of the Township Board. The Township did not adopt a budget for Water District #69 - Special Revenue Fund.

The Township follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

1. Prior to October 31, the fiscal officer submits to the Township Board a proposed operating budget for the fiscal year commencing on January 1.
2. A public hearing is conducted during October to obtain taxpayer comments.
3. Prior to October 31, the budget is legally enacted through passage of a resolution.
4. During the year the budget is monitored, and amendments to the budget are made when deemed necessary.
5. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements Year Ended December 31, 2004

Note 3 Changes in Accounting Principles and Restatement of Fund Balance

Changes in Accounting Principles

For the calendar year 2004, the Township has implemented Governmental Accounting Standards Council (GASB) Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments*; GASB No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*, GASB No. 37, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, GASB No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*. At January 1, 2004, there was no effect on fund balance as a result of implementing GASB Statements 36, 37, and 38.

GASB Statement No. 34 creates new basic financial statements for reporting on the Township's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2003, caused by the conversion to the accrual basis of accounting.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

Restatement of Fund Balance

The restatements for GASB Statement No. 34 had the following effects on the transition from governmental fund balance to net assets of the governmental activities.

| | <u>Total Governmental Activities</u> |
|---|--|
| Fund Balance December 31, 2003 | \$ 7,437,487 |
| GASB 34 Adjustments: | |
| Capital Assets, net of depreciation | 4,366,619 |
| Accrued Interest Payable | (38,753) |
| Long-Term Liabilities | <u>(1,914,503)</u> |
| Governmental Activities Net Assets at December 31, 2003 | \$ <u>9,850,850</u> |

Note 4 Stewardship, Accountability and Compliance

The Township shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State Law for the General and Special Revenue Funds.

In the required supplemental information, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements Year Ended December 31, 2004

Note 4 Stewardship, Accountability and Compliance (Concluded)
For the year ended December 31, 2004, expenditures exceeded final budgeted amounts in the following funds:

| | <u>Final Budget</u> | <u>Actual Expenditures</u> | <u>Variance</u> |
|----------------------------|---------------------|--------------------------------|-----------------|
| Street Light Fund | \$107,820 | \$ 109,885 | \$ (2,065) |
| Roads Capital Project Fund | 550,156 | 1,063,548 | (513,392) |

Note 5 Deposits
Statutes authorize the Township to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency. Public funds of the Township may not be deposited in financial institutions located in states other than Michigan. The Township Board has adopted an investment policy authorizing certain types of investments and has authorized three depositories: Monroe Bank and Trust, Fifth Third Bank, and Standard Federal.

Public Act 367 of 1982 (known as the Surplus Funds Investment Pool Act) enables municipalities to invest surplus operating funds in investment pools managed by qualified financial institutions. At December 31, 2004, the Township had invested in such a fund with a local bank. The Township is able to retrieve these funds without restriction and, accordingly, this amount is considered to be available cash. The local bank invests these funds in a variety of instruments including bonds and direct obligations of the United States, certificates of deposit, commercial paper rated within the three highest classifications by not less than two standard rating services, United States government or federal agency obligation repurchase agreements and bankers acceptances of the United States banks.

The Township believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, and since State of Michigan legislation does not require that all deposits be collateralized, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk at each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Deposits are carried at cost. The carrying amount of deposits is separately displayed on the balance sheet as cash and certificates of deposit. The following is a summary of these deposits:

| | <u>Governmental Activities</u> | <u>Agency Fund</u> | <u>Total</u> |
|--|------------------------------------|------------------------|--------------------|
| Carrying value of total deposits | <u>\$6,803,445</u> | <u>\$1,365,372</u> | <u>\$8,168,817</u> |
| Bank balance of deposits | | | \$8,622,498 |
| Amount covered by FDIC | | | <u>200,000</u> |
| In uninsured and uncollateralized accounts | | | <u>\$8,422,498</u> |

MONROE CHARTER TOWNSHIP

Notes to Financial Statements Year Ended December 31, 2004

Note 6

Interfund Transfers

Interfund transfers for the year ended December 31, 2004, consisted of the following:

| | <u>Transfers Out</u> |
|------------------------|----------------------|
| | <u>General</u> |
| | <u>Fund</u> |
| <u>Transfers In:</u> | |
| Special Revenue Funds: | |
| Emergency Revolving | \$ 5,000 |
| Street Light | 1,945 |
| Debt Service Fund: | |
| Water District #47 | 5,000 |
| Capital Project Funds: | |
| Roads | 312,032 |
| Water District #69 | <u>3,607</u> |
| Total | <u>\$327,584</u> |

The transfer from the General Fund to the Emergency Revolving Fund was to bring the fund balance to approximately \$26,000 for emergencies. The transfer from the General Fund to the Street Light Fund was to assist in the payment of the street light utility bills and to eliminate the fund's deficit balance. The transfer from the General Fund to Water District #47 was for anticipated shortages. The transfers from the General Fund to Roads was for additional capital projects. The transfer from the General Fund to Water District #69 was to assist in the payment of construction bills and to eliminate the fund's deficit balance.

Note 7

Capital Assets

Capital asset activity for the fiscal year ended December 31, 2004, was as follows:

| | <u>Balance</u> | | | <u>Balance</u> |
|-------------------------------------|------------------------|------------------|------------------|--------------------------|
| | <u>January 1, 2004</u> | <u>Additions</u> | <u>Deletions</u> | <u>December 31, 2004</u> |
| Governmental Activities | | | | |
| Assets not being depreciated: | | | | |
| Land | \$956,737 | \$0 | \$0 | \$956,737 |
| Capital assets being depreciated: | | | | |
| Buildings and building improvements | 2,464,007 | 42,410 | 0 | 2,506,417 |
| Machinery and equipment | 390,529 | 122,677 | 0 | 513,206 |
| Vehicles | <u>1,560,830</u> | <u>31,459</u> | <u>0</u> | <u>1,592,289</u> |
| Total capital assets | 5,372,103 | 196,546 | 0 | 5,568,649 |
| Less accumulated depreciation: | | | | |
| Buildings and building improvements | (294,174) | (44,483) | 0 | (338,657) |
| Machinery and equipment | (126,079) | (56,618) | 0 | (182,697) |
| Vehicles | <u>(585,231)</u> | <u>(65,407)</u> | <u>0</u> | <u>(650,638)</u> |
| Total accumulated depreciation | <u>(1,005,484)</u> | <u>(166,508)</u> | <u>0</u> | <u>(1,171,992)</u> |
| Net capital assets | <u>\$4,366,619</u> | <u>\$30,038</u> | <u>\$0</u> | <u>\$4,396,657</u> |

MONROE CHARTER TOWNSHIP

Notes to Financial Statements Year Ended December 31, 2004

Note 7

Capital Assets (Concluded)

Depreciation expense was charged to governmental functions as follows:

| | |
|-------------------------------|------------------|
| General government | \$ 42,990 |
| Public safety | <u>123,518</u> |
| Total governmental activities | <u>\$166,508</u> |

Note 8

Long-Term Debt

Special Assessment Bonds Payable

The following is a summary of special assessment bonds payable as of December 31, 2004:

| | <u>Interest Rate</u> | <u>Date of Issue</u> | <u>Maturity Dates</u> | <u>Original Amount of Issue</u> | <u>Balance Outstanding</u> |
|--|--------------------------|--------------------------|---------------------------|---|--------------------------------|
| Water District #64, #65, #66, & #67 | 4.8% | 4/1/98 | 2/1/99-2017 | <u>\$335,000</u> | <u>\$235,000</u> |

General Obligation Bonds Payable

The following is a summary of general obligation bonds payable as of December 31, 2004:

| | <u>Interest Rate</u> | <u>Date of Issue</u> | <u>Maturity Dates</u> | <u>Original Amount of Issue</u> | <u>Balance Outstanding</u> |
|--|--------------------------|--------------------------|---------------------------|---|--------------------------------|
| Water District #64, #65, #66, & #67 | 4.68% | 4/1/98 | 2/1/99-2017 | <u>\$385,000</u> | <u>\$300,000</u> |

Loan Payable

The following is a summary of the loan payable as of December 31, 2004:

| | <u>Interest Rate</u> | <u>Date of Issue</u> | <u>Maturity Dates</u> | <u>Original Amount of Issue</u> | <u>Balance Outstanding</u> |
|-----------|--------------------------|--------------------------|---------------------------|---|--------------------------------|
| Fire Hall | 4.61% | 1/16/02 | 1/16/03-2012 | <u>\$1,868,500</u> | <u>\$1,124,973</u> |

Changes in bond and loan principal during 2004 are summarized as follows:

| | <u>Balance December 31, 2003</u> | <u>Addition</u> | <u>Retired</u> | <u>Balance December 31, 2004</u> |
|-------------------------------------|--------------------------------------|-----------------|------------------|--------------------------------------|
| Special Assessment Bonds Payable | \$ 255,000 | \$ - | \$ 20,000 | \$ 235,000 |
| General Obligation Bonds Payable | 315,000 | - | 15,000 | 300,000 |
| Note Payable Fire Hall | <u>1,302,060</u> | <u>-</u> | <u>177,087</u> | <u>1,124,973</u> |
| | <u>\$1,872,060</u> | <u>\$ -</u> | <u>\$212,087</u> | <u>\$1,659,973</u> |

MONROE CHARTER TOWNSHIP*Notes to Financial Statements
Year Ended December 31, 2004***Note 8 Long-Term Debt (Continued)**

The annual requirements to pay principal and interest on the long-term debt outstanding at December 31, 2004, are as follows:

| <u>Year Ending December 31,</u> | <u>Total</u> |
|---------------------------------|--------------------|
| 2005 | \$ 295,893 |
| 2006 | 294,214 |
| 2007 | 297,414 |
| 2008 | 295,494 |
| 2009 | 288,694 |
| 2010-2014 | 373,692 |
| 2015-2017 | <u>150,800</u> |
| | <u>\$1,996,201</u> |

The following are schedules of remaining principal and interest requirements for the special assessment bonds and general obligation bonds as of December 31, 2004.

Special Assessment Bonds

Water District #64, #65, #66, and #67 water mains - \$335,000 bond issued dated April 1, 1998 by Monroe Charter Township.

| <u>Year</u> | <u>Interest Due</u> | | <u>Principal Due</u> | <u>Total Requirements</u> |
|-------------|---------------------|-----------------|----------------------|---------------------------|
| | <u>February 1</u> | <u>August 1</u> | <u>February 1</u> | |
| 2005 | \$ 5,640 | \$ 5,160 | \$ 20,000 | \$ 30,800 |
| 2006 | 5,160 | 4,680 | 20,000 | 29,840 |
| 2007 | 4,680 | 4,200 | 20,000 | 28,880 |
| 2008 | 4,200 | 3,720 | 20,000 | 27,920 |
| 2009 | 3,720 | 3,360 | 15,000 | 22,080 |
| 2010 | 3,360 | 3,000 | 15,000 | 21,360 |
| 2011 | 3,000 | 2,640 | 15,000 | 20,640 |
| 2012 | 2,640 | 2,160 | 20,000 | 24,800 |
| 2013 | 2,160 | 1,680 | 20,000 | 23,840 |
| 2014 | 1,680 | 1,200 | 20,000 | 22,880 |
| 2015 | 1,200 | 840 | 15,000 | 17,040 |
| 2016 | 840 | 480 | 15,000 | 16,320 |
| 2017 | <u>480</u> | <u>-</u> | <u>20,000</u> | <u>20,480</u> |
| | <u>\$38,760</u> | <u>\$33,120</u> | <u>\$235,000</u> | <u>\$306,880</u> |

MONROE CHARTER TOWNSHIP

Notes to Financial Statements Year Ended December 31, 2004

Note 8

Long-Term Debt (Concluded)

General Obligation Bonds

Water District #64, #65, #66 and #67 water mains - \$385,000 bond issue dated April 1, 1998 by Monroe Charter Township.

| Year | Interest Due | | Principal Due | Total |
|------|-----------------|-----------------|------------------|------------------|
| | February 1 | August 1 | February 1 | Requirements |
| 2005 | \$ 7,200 | \$ 6,840 | \$ 15,000 | \$ 29,040 |
| 2006 | 6,840 | 6,480 | 15,000 | 28,320 |
| 2007 | 6,480 | 6,000 | 20,000 | 32,480 |
| 2008 | 6,000 | 5,520 | 20,000 | 31,520 |
| 2009 | 5,520 | 5,040 | 20,000 | 30,560 |
| 2010 | 5,040 | 4,560 | 20,000 | 29,600 |
| 2011 | 4,560 | 3,960 | 25,000 | 33,520 |
| 2012 | 3,960 | 3,360 | 25,000 | 32,320 |
| 2013 | 3,360 | 2,760 | 25,000 | 31,120 |
| 2014 | 2,760 | 2,160 | 25,000 | 29,920 |
| 2015 | 2,160 | 1,560 | 25,000 | 28,720 |
| 2016 | 1,560 | 840 | 30,000 | 32,400 |
| 2017 | <u>840</u> | <u>-</u> | <u>35,000</u> | <u>35,840</u> |
| | <u>\$56,280</u> | <u>\$49,080</u> | <u>\$300,000</u> | <u>\$405,360</u> |

Loan Payable

2002 Fire Hall Note - on January 16, 2002, the Township entered into a purchase agreement with Monroe Bank & Trust. The purchase agreement is to provide/build a fire hall for a total aggregate purchase price of \$1,868,500. The Township is financing these costs through a tax millage. As of December 31, 2004, the Township had only drawn down \$1,573,675.

| Year | Interest Due | | Principal Due | | Total |
|------|-----------------|-----------------|------------------|------------------|--------------------|
| | January 14 | July 14 | January 14 | July 14 | Requirements |
| 2005 | \$26,484 | \$23,552 | \$ 91,543 | \$ 94,474 | \$ 236,053 |
| 2006 | 21,399 | 19,197 | 96,628 | 98,830 | 236,054 |
| 2007 | 16,945 | 14,641 | 101,082 | 103,386 | 236,054 |
| 2008 | 12,285 | 9,875 | 105,742 | 108,152 | 236,054 |
| 2009 | 7,410 | 4,889 | 110,617 | 113,138 | 236,054 |
| 2010 | <u>2,311</u> | <u>-</u> | <u>101,381</u> | <u>-</u> | <u>103,692</u> |
| | <u>\$86,834</u> | <u>\$72,154</u> | <u>\$606,993</u> | <u>\$517,980</u> | <u>\$1,283,961</u> |

MONROE CHARTER TOWNSHIP

Notes to Financial Statements Year Ended December 31, 2004

Note 9

Property Taxes

The Township bills and collects its own property taxes and also taxes for the County of Monroe, Monroe Public Schools, Ida Public Schools, Monroe County Community College, and the Monroe County Intermediate School District. Collections are accounted for in the Tax Collection Agency Fund. For 2004, the Township levied, on December 1, 2003, 0.6750 mills for roads, 1.0000 mill for fire, and 2.0586 mills for general operating due and payable on February 14, 2004. The valuation for real and personal property totaled \$347,103,116 which was based on December 31, 2003 assessments.

The taxes receivable of \$8,133,940 and the \$9,333,654 liability to the taxing authorities reflected in the Tax Collection Agency Fund relate to the December 2004 tax bills. The Township's share of these taxes will be reflected as revenues in 2005.

Note 10

Employee's Pension Plan

The Township is a member of the Michigan Townships Association pension plan through Manufacturers Life Insurance Company, Toronto, Canada. All full time and permanent employees and all elected officials are eligible for participation upon employment with 100% vesting after two years of continuous employment. The Township, which contributes 10% of eligible wages, contributed \$50,670 in 2004. Employees may make voluntary contributions to the plan. The Township has no liability beyond its own contribution. The covered payroll for the year was \$506,700 out of a total payroll of \$738,220.

Note 11

Michigan Unemployment

On May 16, 1974, Governor Milliken signed into law enrolled Senate Bill 741, which is known as Act No. 104 of the Public Acts of 1974. The provisions of this Act subject political subdivisions to the Michigan Employment Security Act effective January 1, 1975. The Township has elected to make reimbursement payments rather than to pay contributions as a contributing employer. As of December 31, 2004, no reserve has been established for this contingent liability.

Note 12

Accumulated Compensated Absences

As of December 31, 2003, any sick time became "banked sick days." Banked sick time can only be used after current sick time has been exhausted. Employees will receive a banked sick day compensation payment at one-half rate for the total accumulated sick days at the regular hourly rate in effect at the date of resignation or dismissal. Banked sick days are accrued in the government-wide financial statements. The liability as of December 31, 2004, for banked sick days totaled approximately \$17,622. In the fund financial statements, these accounts are reported when paid.

MONROE CHARTER TOWNSHIP

Notes to Financial Statements Year Ended December 31, 2004

Note 13 Joint Venture

The Monroe Charter Township is a member of the Monroe Metropolitan Water Pollution Control System. Monroe Charter Township, Frenchtown Township, and the City of Monroe each appoint two members and the County of Monroe appoints one member to the joint venture's seven member governing board, which approves the annual budget. The following is the financial information of the joint venture, obtained from their financial report, as of June 30, 2004:

| | |
|---------------------------|--------------|
| Total assets | \$21,073,425 |
| Total liabilities | 563,981 |
| Total net assets | 20,509,444 |
| Total revenues | 5,504,556 |
| Total operating expenses | 5,326,000 |
| Total transfers out | 23,018 |
| Increase in system equity | 155,538 |

The operations of the joint venture are performed by the employees of the City of Monroe. Therefore, the City is liable for all related employee commitments and is then reimbursed by the joint venture.

Monroe Charter Township's investment in the joint venture is based on the capacity of the treatment facilities. Monroe Charter Township's capacity of the treatment facilities is 23.798%.

The change in the joint venture is shown in the Statement of Activities under business-type activities.

Note 14 Contract to Develop, Lease, and Return Property

P & W, a partnership formed by David Phipps and Gary Whitener, has entered into an agreement with Monroe Charter Township to lease township property to develop and build an eighteen hole golf course. Beginning on the December 1st after the first full season of an eighteen-hole golf play, P & W will pay Monroe Township an annual fee plus a percentage of the gross receipts as follows:

| | <u>Annual Fee</u> | <u>Percentage of Gross Receipts</u> |
|--|-------------------|---|
| Years 1 & 2 | \$ 5,000 | 0% |
| Years 3, 4, 5, & 6 | 5,000 | 1% |
| Years 7, 8, 9, & 10 | 10,000 | 2% |
| Years 11, 12, 13, 14, & 15 | 15,000 | 3% |
| Years 16, 17, 18, 19, & 20 | 20,000 | 4% |
| Years 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, & 36 | 30,000 | 5% |

During 2004, Monroe Charter Township received \$12,327 for the sixth year's annual fee and percentage of gross receipts.

At the time the lease expires, the Township will pay P & W the sum of one dollar for land improvement and buildings but not to include any personal property equipment.

Note 15 Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Township has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

MONROE CHARTER TOWNSHIP

*General Fund
Budget and Actual
Year Ended December 31, 2004*

| | Budgeted Amounts | | | Positive (Negative) Budget |
|---|------------------|----------------|----------------|----------------------------------|
| | Original | Final | Actual | |
| Revenues | | | | |
| Taxes, special assessments, and tap fees: | | | | |
| Current tax collection | \$711,085 | \$729,835 | \$728,457 | (\$1,378) |
| Trailer park taxes | 9,900 | 8,604 | 9,642 | 1,038 |
| | <u>720,985</u> | <u>738,439</u> | <u>738,099</u> | <u>(340)</u> |
| Licenses and Permits: | | | | |
| Business licenses and permits | 60,000 | 50,792 | 51,930 | 1,138 |
| Non-business licenses and permits | 82,000 | 72,377 | 91,710 | 19,333 |
| Elec/plumbing/mech permits | 73,000 | 76,487 | 84,507 | 8,020 |
| Monitoring fees | 50,000 | 54,850 | 52,147 | (2,703) |
| | <u>265,000</u> | <u>254,506</u> | <u>280,294</u> | <u>25,788</u> |
| State grants: | | | | |
| State shared revenue | 1,050,000 | 1,010,850 | 997,179 | (13,671) |
| Charges for Services: | | | | |
| Penalties and interest on tax | 4,200 | 6,326 | 6,327 | 1 |
| Zoning and board of appeals fees | 8,800 | 12,584 | 13,073 | 489 |
| Fines and forfeits | 3,500 | 4,167 | 4,396 | 229 |
| | <u>16,500</u> | <u>23,077</u> | <u>23,796</u> | <u>719</u> |
| Interest | 40,000 | 33,503 | 41,349 | 7,846 |
| Other revenue: | | | | |
| Lease on township property | 7,000 | 12,327 | 12,327 | 0 |
| Other revenue | 13,000 | 21,794 | 22,026 | 232 |
| | <u>20,000</u> | <u>34,121</u> | <u>34,353</u> | <u>232</u> |
| Total Revenues | 2,112,485 | 2,094,496 | 2,115,070 | 20,574 |
| Expenditures | | | | |
| Legislative: | | | | |
| Township board | 60,369 | 60,369 | 57,992 | 2,377 |
| General Government: | | | | |
| Supervisor | 76,068 | 76,068 | 73,450 | 2,618 |
| Elections | 19,370 | 24,535 | 24,392 | 143 |
| Audit | 21,500 | 16,000 | 15,820 | 180 |
| Assessor | 82,347 | 95,332 | 93,596 | 1,736 |
| Legal fees | 79,000 | 77,025 | 77,025 | 0 |
| Clerk | 116,644 | 118,944 | 118,442 | 502 |
| Treasurer | 88,721 | 88,921 | 87,776 | 1,145 |
| Township hall and grounds | 145,185 | 129,785 | 125,503 | 4,282 |
| Cemetery | 6,200 | 6,200 | 5,111 | 1,089 |
| General administration | 69,000 | 59,000 | 50,866 | 8,134 |
| Building department | 160,548 | 160,748 | 155,229 | 5,519 |
| | <u>864,583</u> | <u>852,558</u> | <u>827,210</u> | <u>25,348</u> |

MONROE CHARTER TOWNSHIP

General Fund Budget and Actual Year Ended December 31, 2004

| | Budgeted Amounts | | | Positive (Negative) Budget |
|--|--------------------|--------------------|--------------------|----------------------------------|
| | Original | Final | Actual | |
| Expenditures (Concluded) | | | | |
| Public Safety: | | | | |
| Fire department | \$306,072 | \$283,356 | \$260,528 | \$22,828 |
| Zoning enforcement | 42,501 | 42,501 | 38,307 | 4,194 |
| | <u>348,573</u> | <u>325,857</u> | <u>298,835</u> | <u>27,022</u> |
| Public Works: | | | | |
| Engineering | 10,000 | 23,000 | 20,651 | 2,349 |
| Roads and drains | 45,000 | 35,000 | 26,132 | 8,868 |
| | <u>55,000</u> | <u>58,000</u> | <u>46,783</u> | <u>11,217</u> |
| Culture and Recreation: | | | | |
| Parks and recreation | 70,282 | 56,682 | 44,533 | 12,149 |
| | <u>70,282</u> | <u>56,682</u> | <u>44,533</u> | <u>12,149</u> |
| Capital outlay | 0 | 83,500 | 87,290 | (3,790) |
| Other: | | | | |
| Employee benefits: | | | | |
| Hospitalization Insurance | 130,000 | 142,000 | 141,409 | 591 |
| Life insurance | 7,500 | 7,150 | 7,112 | 38 |
| Dental insurance | 16,000 | 17,760 | 17,759 | 1 |
| Firemens life insurance | 4,250 | 0 | 0 | 0 |
| Health insurance waiver | 8,750 | 10,000 | 10,000 | 0 |
| Short and long term disability | 0 | 6,250 | 6,247 | 3 |
| Retirement | 52,412 | 52,412 | 50,670 | 1,742 |
| Social security | 53,569 | 59,569 | 55,551 | 4,018 |
| General insurance | 67,925 | 67,925 | 67,030 | 895 |
| Bonds | 240 | 240 | 55 | 185 |
| Unemployment insurance | 1,000 | 2,550 | 2,542 | 8 |
| Contingency | 50,000 | 50,000 | 0 | 50,000 |
| | <u>391,646</u> | <u>415,856</u> | <u>358,375</u> | <u>57,481</u> |
| Total Expenditures | <u>1,790,453</u> | <u>1,852,822</u> | <u>1,721,018</u> | <u>131,804</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 322,032 | 241,674 | 394,052 | 152,378 |
| Other Financing Sources (Uses) | | | | |
| Operating transfers in | 0 | 151,794 | 0 | (151,794) |
| Operating transfers out | (322,032) | (322,032) | (327,584) | (5,552) |
| Total Other Financing Sources (Uses) | <u>(322,032)</u> | <u>(170,238)</u> | <u>(327,584)</u> | <u>(157,346)</u> |
| Net Change in Fund Balance | 0 | 71,436 | 66,468 | (4,968) |
| Fund Balance - Beginning of year | <u>1,949,205</u> | <u>1,949,205</u> | <u>2,216,656</u> | <u>267,451</u> |
| Fund Balance - End of year | <u>\$1,949,205</u> | <u>\$2,020,641</u> | <u>\$2,283,124</u> | <u>\$262,483</u> |

MONROE CHARTER TOWNSHIP

Special Revenue Fund - Central Sewer
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2004

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|--------------------|--------------------|--------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Special assessments and tap fees | \$65,000 | \$65,000 | \$58,100 | (\$6,900) |
| Interest | 36,730 | 36,730 | 36,367 | (363) |
| Other revenue | 100 | 100 | 0 | (100) |
| Total Revenues | 101,830 | 101,830 | 94,467 | (7,363) |
| Expenditures | | | | |
| Other | 43,000 | 43,000 | 200 | 42,800 |
| Net Change in Fund Balance | 58,830 | 58,830 | 94,267 | 35,437 |
| Fund Balance - Beginning of year | 2,735,415 | 2,735,415 | 2,843,333 | 107,918 |
| Fund Balance - End of year | <u>\$2,794,245</u> | <u>\$2,794,245</u> | <u>\$2,937,600</u> | <u>\$143,355</u> |

MONROE CHARTER TOWNSHIP

*Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2004*

| | Special Revenue Funds | | |
|--|------------------------|----------------|-----------------------|
| | Emergency Revolving | Street Light | Water District #62 |
| Assets | | | |
| Cash and cash equivalents | \$26,831 | \$6,099 | \$18,170 |
| Certificate of deposit | 0 | 0 | 0 |
| Receivables: | | | |
| Special assessments | 0 | 0 | 0 |
| Accrued interest | 0 | 0 | 0 |
| Prepaid expenses | 0 | 0 | 0 |
| Total Assets | <u>\$26,831</u> | <u>\$6,099</u> | <u>\$18,170</u> |
| Total Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Accounts payable | \$0 | \$6,099 | \$0 |
| Deferred revenue | 0 | 0 | 0 |
| Total Liabilities | 0 | 6,099 | 0 |
| Fund Balances | | | |
| Reserved for debt service | 0 | 0 | 0 |
| Designated for volunteer firemen | 5,000 | 0 | 0 |
| Designated for emergencies | 21,831 | 0 | 0 |
| Unreserved - undesignated | 0 | 0 | 18,170 |
| Total Fund Balances | <u>26,831</u> | <u>0</u> | <u>18,170</u> |
| Total Liabilities and Fund Balances | <u>\$26,831</u> | <u>\$6,099</u> | <u>\$18,170</u> |

| | | | | Debt Service Funds |
|-----------------------|-----------------------|--|--|--|
| Water District #63 | Water District #68 | Special Assessment Water District #67 | General Obligation Water District #64 | General Obligation Water District #65 |
| \$30,522 | \$27,679 | \$8,765 | \$0 | \$11,820 |
| 0 | 0 | 0 | 284 | 0 |
| 2,253 | 23,494 | 11,230 | 0 | 0 |
| 180 | 1,879 | 651 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| <u>\$32,955</u> | <u>\$53,052</u> | <u>\$20,646</u> | <u>\$284</u> | <u>\$11,820</u> |
| \$0 | \$0 | \$0 | \$0 | \$0 |
| 1,127 | 21,574 | 10,428 | 0 | 0 |
| 1,127 | 21,574 | 10,428 | 0 | 0 |
| 0 | 0 | 10,218 | 284 | 11,820 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 31,828 | 31,478 | 0 | 0 | 0 |
| 31,828 | 31,478 | 10,218 | 284 | 11,820 |
| <u>\$32,955</u> | <u>\$53,052</u> | <u>\$20,646</u> | <u>\$284</u> | <u>\$11,820</u> |

| | | Capital Project Funds | |
|--|--|--------------------------|---|
| General Obligation Water District #66 | General Obligation Water District #67 | Water District #69 | Total Nonmajor Governmental Funds |
| \$5,658 | \$1,575 | \$0 | \$137,119 |
| 0 | 0 | 0 | 284 |
| 0 | 0 | 0 | 36,977 |
| 0 | 0 | 0 | 2,710 |
| 0 | 0 | 0 | 0 |
| <u>\$5,658</u> | <u>\$1,575</u> | <u>\$0</u> | <u>\$177,090</u> |
| \$0 | \$0 | \$0 | \$6,099 |
| 0 | 0 | 0 | 33,129 |
| 0 | 0 | 0 | 39,228 |
| 5,658 | 1,575 | 0 | 29,555 |
| 0 | 0 | 0 | 5,000 |
| 0 | 0 | 0 | 21,831 |
| 0 | 0 | 0 | 81,476 |
| <u>5,658</u> | <u>1,575</u> | <u>0</u> | <u>137,862</u> |
| <u>\$5,658</u> | <u>\$1,575</u> | <u>\$0</u> | <u>\$177,090</u> |

MONROE CHARTER TOWNSHIP

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2004

| | Special Revenue Funds | | |
|--|------------------------|--------------|-----------------------|
| | Emergency Revolving | Street Light | Water District #62 |
| Revenues | | | |
| Special assessments | \$0 | \$107,135 | \$0 |
| Interest and penalties | 0 | 242 | 0 |
| Other revenue | 0 | 563 | 0 |
| Total Revenues | 0 | 107,940 | 0 |
| Expenditures | | | |
| General government | 0 | 109,885 | 0 |
| Debt service | 0 | 0 | 0 |
| Capital projects | 0 | 0 | 0 |
| Total Expenditures | 0 | 109,885 | 0 |
| Excess (Deficiency) of Revenues Over Expenditures | 0 | (1,945) | 0 |
| Other Financing Sources (Uses) | | | |
| Operating transfers in | 5,000 | 1,945 | 0 |
| Net Change in Fund Balances | 5,000 | 0 | 0 |
| Fund Balances - Beginning of year | 21,831 | 0 | 18,170 |
| Fund Balances - End of year | \$26,831 | \$0 | \$18,170 |

| | | Debt Service Funds | | |
|-----------------------|-----------------------|--|--|--|
| Water District #63 | Water District #68 | Special Assessment Water District #67 | General Obligation Water District #64 | General Obligation Water District #65 |
| \$830 | \$1,920 | \$802 | \$0 | \$0 |
| 181 | 1,879 | 796 | 63 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 1,011 | 3,799 | 1,598 | 63 | 0 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 2,747 | 6,788 | 17,193 |
| 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 2,747 | 6,788 | 17,193 |
| 1,011 | 3,799 | (1,149) | (6,725) | (17,193) |
| 0 | 0 | 0 | 0 | 0 |
| 1,011 | 3,799 | (1,149) | (6,725) | (17,193) |
| 30,817 | 27,679 | 11,367 | 7,009 | 29,013 |
| <u>\$31,828</u> | <u>\$31,478</u> | <u>\$10,218</u> | <u>\$284</u> | <u>\$11,820</u> |

| General Obligation Water District #66 | General Obligation Water District #67 | Capital Project Funds | Total Nonmajor Governmental Funds |
|--|--|--------------------------|---|
| | | Water District #69 | |
| \$0 | \$0 | \$0 | \$110,687 |
| 0 | 0 | 0 | 3,161 |
| 0 | 0 | 0 | 563 |
| 0 | 0 | 0 | 114,411 |
| 0 | 0 | 0 | 109,885 |
| 4,640 | 1,390 | 0 | 32,758 |
| 0 | 0 | 3,607 | 3,607 |
| 4,640 | 1,390 | 3,607 | 146,250 |
| (4,640) | (1,390) | (3,607) | (31,839) |
| 0 | 0 | 3,607 | 10,552 |
| (4,640) | (1,390) | 0 | (21,287) |
| 10,298 | 2,965 | 0 | 159,149 |
| \$5,658 | \$1,575 | \$0 | \$137,862 |

MONROE CHARTER TOWNSHIP

Special Revenue Fund - Emergency Revolving Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | \$0 | \$0 | \$0 | \$0 |
| Expenditures | | | | |
| Other | <u>5,000</u> | <u>5,000</u> | <u>0</u> | <u>5,000</u> |
| Excess (Deficiency) of Revenues Over Expenditures | (5,000) | (5,000) | 0 | 5,000 |
| Other Financing Sources | | | | |
| Operating transfers in | <u>5,000</u> | <u>5,000</u> | <u>5,000</u> | <u>0</u> |
| Net Change in Fund Balance | 0 | 0 | 5,000 | 5,000 |
| Fund Balance - Beginning of year | <u>16,831</u> | <u>16,831</u> | <u>21,831</u> | <u>5,000</u> |
| Fund Balance - End of year | <u><u>\$16,831</u></u> | <u><u>\$16,831</u></u> | <u><u>\$26,831</u></u> | <u><u>\$10,000</u></u> |

MONROE CHARTER TOWNSHIP

Special Revenue Fund - Street Light Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2004

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|--------------|------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Special assessments | \$106,500 | \$106,500 | \$107,135 | \$635 |
| Interest | 1,420 | 1,420 | 242 | (1,178) |
| Other revenue | 0 | 0 | 563 | 563 |
| Total Revenue | 107,920 | 107,920 | 107,940 | 20 |
| Expenditures | | | | |
| General Government: | | | | |
| Street light utility bills | 107,820 | 107,820 | 109,885 | (2,065) |
| Total Expenditures | 107,820 | 107,820 | 109,885 | (2,065) |
| Excess (Deficiency) of Revenues Over Expenditures | 100 | 100 | (1,945) | (2,045) |
| Other Financing Sources | | | | |
| Operating transfers in | 0 | 0 | 1,945 | 1,945 |
| Net Change in Fund Balance | 100 | 100 | 0 | (100) |
| Fund Balance - Beginning of year | 0 | 0 | 0 | 0 |
| Fund Balance - End of year | <u>\$100</u> | <u>\$100</u> | <u>\$0</u> | <u>(\$100)</u> |

MONROE CHARTER TOWNSHIP

Special Revenue Fund - Water District #62
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2004

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|-----------------|-----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Interest | \$50 | \$50 | \$0 | (\$50) |
| Expenditures | 0 | 0 | 0 | 0 |
| Net Change in Fund Balance | 50 | 50 | 0 | (50) |
| Fund Balance - Beginning of year | 18,170 | 18,170 | 18,170 | 0 |
| Fund Balance - End of year | <u>\$18,220</u> | <u>\$18,220</u> | <u>\$18,170</u> | <u>(\$50)</u> |

MONROE CHARTER TOWNSHIP

Special Revenue Fund - Water District #63
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------------|------------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Special assessments | \$1,127 | \$1,127 | \$830 | (\$297) |
| Interest | <u>270</u> | <u>270</u> | <u>181</u> | <u>(89)</u> |
| Total Revenue | 1,397 | 1,397 | 1,011 | (386) |
| Expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balance | 1,397 | 1,397 | 1,011 | (386) |
| Fund Balance - Beginning of year | <u>29,231</u> | <u>29,231</u> | <u>30,817</u> | <u>1,586</u> |
| Fund Balance - End of year | <u><u>\$30,628</u></u> | <u><u>\$30,628</u></u> | <u><u>\$31,828</u></u> | <u><u>\$1,200</u></u> |

MONROE CHARTER TOWNSHIP

Special Revenue Fund - Water District #68
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2004

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Special assessments | \$1,920 | \$1,920 | \$1,920 | \$0 |
| Interest | 2,033 | 2,033 | 1,879 | (154) |
| Total Revenue | 3,953 | 3,953 | 3,799 | (154) |
| Expenditures | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balance | 3,953 | 3,953 | 3,799 | (154) |
| Fund Balance - Beginning of year | <u>20,348</u> | <u>20,348</u> | <u>27,679</u> | <u>7,331</u> |
| Fund Balance - End of year | <u>\$24,301</u> | <u>\$24,301</u> | <u>\$31,478</u> | <u>\$7,177</u> |

MONROE CHARTER TOWNSHIP

Capital Project Fund - Fire and Safety
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2004

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|-----------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Current tax collection | \$351,591 | \$351,591 | \$353,625 | \$2,034 |
| Other revenue | 0 | 0 | 1,675 | 1,675 |
| Total Revenues | 351,591 | 351,591 | 355,300 | 3,709 |
| Expenditures | | | | |
| Capital projects | 304,748 | 304,748 | 299,858 | 4,890 |
| Net Change in Fund Balance | 46,843 | 46,843 | 55,442 | 8,599 |
| Fund Balance - Beginning of year | 646,492 | 646,492 | 647,828 | 1,336 |
| Fund Balance - End of year | <u>\$693,335</u> | <u>\$693,335</u> | <u>\$703,270</u> | <u>\$9,935</u> |

MONROE CHARTER TOWNSHIP

Capital Project Fund - Roads
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2004

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|------------------|------------------|---|
| | Original | Final | Actual | |
| Revenues | | | | |
| Current tax collection | \$237,324 | \$237,324 | \$239,704 | \$2,380 |
| Interest income | 800 | 800 | 986 | 186 |
| Total Revenues | 238,124 | 238,124 | 240,690 | 2,566 |
| Expenditures | | | | |
| Engineering | 1,156 | 1,156 | 0 | 1,156 |
| Paving and draining | 550,000 | 540,000 | 1,061,866 | (521,866) |
| Other | 9,000 | 9,000 | 1,682 | 7,318 |
| Total Expenditures | 560,156 | 550,156 | 1,063,548 | (513,392) |
| Excess (Deficiency) of Revenues Over Expenditures | (322,032) | (312,032) | (822,858) | (510,826) |
| Other Financing Sources | | | | |
| Operating transfers in | 322,032 | 312,032 | 312,032 | 0 |
| Net Change in Fund Balance | 0 | 0 | (510,826) | (510,826) |
| Fund Balance - Beginning of year | 873,365 | 873,365 | 1,411,939 | 538,574 |
| Fund Balance - End of year | <u>\$873,365</u> | <u>\$873,365</u> | <u>\$901,113</u> | <u>\$27,748</u> |

MONROE CHARTER TOWNSHIP

Agency Funds
Combining Balance Sheet
Year Ended December 31, 2004

| | Agency Payroll | Tax Collection | Escrow Accounts | Totals |
|---------------------------------|-------------------|--------------------|--------------------|--------------------|
| Assets | | | | |
| Cash | \$52,828 | \$1,202,207 | \$110,337 | \$1,365,372 |
| Receivables: | | | | |
| Accounts | 4,665 | 0 | 0 | 4,665 |
| Taxes | 0 | 8,133,940 | 0 | 8,133,940 |
| Total Assets | <u>\$57,493</u> | <u>\$9,336,147</u> | <u>\$110,337</u> | <u>\$9,503,977</u> |
| Liabilities | | | | |
| Due to other governmental units | \$53,598 | \$2,493 | \$0 | \$56,091 |
| Due to taxing units | 0 | 9,333,654 | 0 | 9,333,654 |
| Due to property owners | 0 | 0 | 110,337 | 110,337 |
| Due to other local units | 3,895 | 0 | 0 | 3,895 |
| Total Liabilities | <u>\$57,493</u> | <u>\$9,336,147</u> | <u>\$110,337</u> | <u>\$9,503,977</u> |

MONROE CHARTER TOWNSHIP

Agency Funds
Statement of Changes in Assets and Liabilities - All Agency Funds
Year Ended December 31, 2004

| | Balance Dec 31, 2003 | Additions | Deductions | Balance Dec 31, 2004 |
|---------------------------------|-------------------------|---------------------|---------------------|-------------------------|
| Assets | | | | |
| Cash | \$1,692,639 | \$13,829,943 | \$14,157,210 | \$1,365,372 |
| Receivables: | | | | |
| Accounts | 4,824 | 4,665 | 4,824 | 4,665 |
| Taxes | 6,964,606 | 11,872,361 | 10,703,027 | 8,133,940 |
| Total Assets | <u>\$8,662,069</u> | <u>\$25,706,969</u> | <u>\$24,865,061</u> | <u>\$9,503,977</u> |
| Liabilities | | | | |
| Due to other governmental units | \$57,992 | \$4,225 | \$6,126 | \$56,091 |
| Due to taxing units | 8,536,633 | 9,333,654 | 8,536,633 | 9,333,654 |
| Due to property owners | 62,620 | 208,377 | 160,660 | 110,337 |
| Due to other local units | 4,824 | 0 | 929 | 3,895 |
| Total Liabilities | <u>\$8,662,069</u> | <u>\$9,546,256</u> | <u>\$8,704,348</u> | <u>\$9,503,977</u> |

MONROE CHARTER TOWNSHIP

Agency Funds
Statement of Changes in Assets and Liabilities - All Agency Funds
Year Ended December 31, 2004

Agency - Payroll

| | Balance Dec 31, 2003 | Additions | Deductions | Balance Dec 31, 2004 |
|---------------------------------|-------------------------|--------------------|--------------------|-------------------------|
| Assets | | | | |
| Cash | \$51,866 | \$1,027,843 | \$1,026,881 | \$52,828 |
| Accounts receivable | 4,824 | 4,665 | 4,824 | 4,665 |
| Total Assets | <u>\$56,690</u> | <u>\$1,032,508</u> | <u>\$1,031,705</u> | <u>\$57,493</u> |
| Liabilities | | | | |
| Due to other governmental units | \$51,866 | \$1,732 | \$0 | \$53,598 |
| Due to other local units | 4,824 | 0 | 929 | 3,895 |
| Total Liabilities | <u>\$56,690</u> | <u>\$1,732</u> | <u>\$929</u> | <u>\$57,493</u> |

Tax Collection Fund

| | | | | |
|---------------------------------|--------------------|---------------------|---------------------|--------------------|
| Assets | | | | |
| Cash | \$1,578,153 | \$12,593,723 | \$12,969,669 | \$1,202,207 |
| Taxes receivable | 6,964,606 | 11,872,361 | 10,703,027 | 8,133,940 |
| Total Assets | <u>\$8,542,759</u> | <u>\$24,466,084</u> | <u>\$23,672,696</u> | <u>\$9,336,147</u> |
| Liabilities | | | | |
| Due to other governmental units | \$6,126 | \$2,493 | \$6,126 | \$2,493 |
| Due to taxing units | 8,536,633 | 9,333,654 | 8,536,633 | 9,333,654 |
| Total Liabilities | <u>\$8,542,759</u> | <u>\$9,336,147</u> | <u>\$8,542,759</u> | <u>\$9,336,147</u> |

MONROE CHARTER TOWNSHIP

Agency Funds Statement of Changes in Assets and Liabilities - All Agency Funds Year Ended December 31, 2004

| Escrow Accounts | | | | |
|---|-------------------------|-----------|------------|-------------------------|
| | Balance Dec 31, 2003 | Additions | Deductions | Balance Dec 31, 2004 |
| Assets | | | | |
| Cash | \$62,620 | \$208,377 | \$160,660 | \$110,337 |
| Liabilities | | | | |
| Due to property owners: | | | | |
| Archery Center | \$2,487 | \$0 | \$208 | \$2,279 |
| Bacarella Funeral Home | 1,954 | 0 | 1,560 | 394 |
| Bond Escrows | 9,550 | 900 | 500 | 9,950 |
| Canterbury Farms | 145 | 0 | 0 | 145 |
| Carriage Homes | 230 | 0 | 0 | 230 |
| Charter Communications | 412 | 0 | 26 | 386 |
| Chirco Construction | 798 | 1,639 | 2,437 | 0 |
| Chirco/Cangialosi | 0 | 3,269 | 3,269 | 0 |
| Custer Ball | 7,452 | 7,682 | 7,502 | 7,632 |
| Cusumano's Plaza | 50 | 1,545 | 1,495 | 100 |
| Robert Dazel | 780 | 0 | 780 | 0 |
| Dixie Hwy Service Center | 850 | 0 | 0 | 850 |
| Thomas Dumas | 2 | 1,656 | 1,656 | 2 |
| Joseph Elmer | 0 | 650 | 650 | 0 |
| Dunbar Estates | 5 | 0 | 0 | 5 |
| Elite Commons | 230 | 0 | 0 | 230 |
| Enger Surveying & Engineering | 0 | 2,456 | 0 | 2,456 |
| David Evans - Education Plus Credit Union | 0 | 961 | 961 | 0 |
| FD Donations - Infared Cameras | 0 | 1,675 | 1,675 | 0 |
| Fifth Third Bank | 0 | 7,210 | 3,050 | 4,160 |
| First Church of Nazarene | 2,256 | 0 | 0 | 2,256 |
| Fortuna of Michigan | 0 | 13,745 | 11,392 | 2,353 |
| Graves & Associates | 2,816 | 0 | 2,051 | 765 |
| Groulx Oldsmobile | 584 | 1,955 | 2,241 | 298 |
| Harbortown RV Resort | 293 | 0 | 293 | 0 |
| Haynes Real Estate | 1,118 | 0 | 1,040 | 78 |
| Icon Building II | 190 | 7,831 | 6,121 | 1,900 |
| Kausler's Island | 77 | 0 | 0 | 77 |
| Kingdom Hall | 3,902 | 0 | 3,902 | 0 |
| Lighthouse Pointe | 15 | 0 | 0 | 15 |
| Lockwood Lake Estates | 3 | 39,844 | 10,542 | 29,305 |
| Lutheran Homes of Monroe | 310 | 21,865 | 5,795 | 16,380 |
| M & M Investments | 847 | 0 | 0 | 847 |
| Masserant Feed & Grain | 0 | 616 | 616 | 0 |
| Kim Marshall | 0 | 295 | 295 | 0 |

MONROE CHARTER TOWNSHIP

Agency Funds Statement of Changes in Assets and Liabilities - All Agency Funds Year Ended December 31, 2004

Escrow Accounts

| | Balance Dec 31, 2003 | Additions | Deductions | Balance Dec 31, 2004 |
|--------------------------------|-------------------------|------------------|------------------|-------------------------|
| Liabilities (Continued) | | | | |
| Michigan Township Association | \$0 | \$150 | \$150 | \$0 |
| Monroe County ISD | 361 | 0 | 0 | 361 |
| MCCC Instructional Center | 1,449 | 0 | 1,196 | 253 |
| MCCC Paving | 2,217 | 0 | 0 | 2,217 |
| Monroe County Storage | 344 | 0 | 0 | 344 |
| Monroe Missionary | 237 | 9,887 | 9,608 | 516 |
| Monroe Travel Center | 2,010 | 1,922 | 3,704 | 228 |
| Orchard Meadows | 101 | 0 | 101 | 0 |
| Orchard Meadows-Cangialosi | 0 | 7,494 | 7,494 | 0 |
| Orchard Meadows-Davis Swale | 0 | 10,000 | 10,000 | 0 |
| Midway Products | 2,782 | 0 | 0 | 2,782 |
| Peddler/Solicitor Bonds | 0 | 500 | 0 | 500 |
| Quarry Property-Bill Gross | 5,979 | 0 | 754 | 5,225 |
| Raisin Run Subdivision | 691 | 296 | 128 | 859 |
| Ralph Thayer Rezone | 0 | 1,834 | 1,681 | 153 |
| SRV Building Corp. | 0 | 3,920 | 2,995 | 925 |
| Secure Self Storage | 296 | 0 | 0 | 296 |
| Sheffield Sub. - Chirco | 925 | 9,914 | 9,976 | 863 |
| Robert Sieb Watermain Ext | 255 | 0 | 255 | 0 |
| S. Dixie Commons Perform. Bond | 0 | 695 | 0 | 695 |
| Southpointe Square | 0 | 42,950 | 40,559 | 2,391 |
| Southpointe Square Lot 2 | 0 | 665 | 665 | 0 |
| Southpointe Condos | 5,896 | 910 | 892 | 5,914 |
| South Monroe Townsite | 0 | 289 | 289 | 0 |
| Dick Spicer | 148 | 0 | 0 | 148 |
| Ultimate Auto Sales | 0 | 100 | 0 | 100 |
| Verizon Wireless | 484 | 0 | 0 | 484 |
| Viking Land Development | 167 | 1,057 | 78 | 1,146 |
| Wendy's - South Monroe | 902 | 0 | 78 | 824 |
| Xanadu Roller Skate Center | 20 | 0 | 0 | 20 |
| | <u>\$62,620</u> | <u>\$208,377</u> | <u>\$160,660</u> | <u>\$110,337</u> |

MONROE CHARTER TOWNSHIP

Index to Central Sewer and Water Districts Year Ended December 31, 2004

Sewer District

Central Sewer

Water Districts

#47 Keegan and Albain Roads

#62 Oak Drive

#63 Harrison Street Watermain Extension

#64 Herr Road Watermain Extensions

#65 W. Albain Road Watermain Co-op

#66 Telegraph Road Watermain Extension

#67 Drummonds Court Watermain

#68 LaPlaisance Road

#69 Goutz Road Watermain



COOLEY HEHL
WOHLGAMUTH & CARLTON
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Monroe Charter Township
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Monroe County, Michigan 48161

Our audit of the financial statements of Monroe Charter Township for the year ended December 31, 2004, was made in accordance with auditing standards generally accepted in the United States of America. These standards require, in addition to obtaining competent evidential matter through inspection, observation, inquiry, and confirmation, that we determine that existing internal controls, accounting procedures and accounting records are adequate to allow us to express an opinion on the financial statements of the Township.

Our comments set forth herein are for your review and have been discussed with appropriate personnel. These comments are based primarily upon procedures employed during our audit and therefore do not encompass all matters that might result from special studies directed toward such matters.

New Reporting Model

For the fiscal year ending December 31, 2004, the Township implemented GASB No. 34. This new reporting model created new financial statements and has a new section entitled *Management's Discussion and Analysis*, which is written by the Township, is a narrative introduction, overview, and analysis of the current year activity.

Budget

As required by Public Act 493 of 2000, the Township is required to have budgets for the general and special revenue funds. We noted that a budget was not adopted for Water District #69 - Special Revenue Fund.

We appreciate the cooperation and courtesy extended to us by all officials and employees of the Township and are encouraged by their efforts to maintain and improve strong and efficient accounting controls and procedures. We would be pleased to provide any assistance in implementing any of these recommendations and would be available to discuss any of these comments and recommendations with you at your convenience.

Very truly yours,

Cooley Hehl Wohlgamuth & Carlton

February 4, 2005